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The Emerging Wealth Belt: New Jersey's New Millennium Geography

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Introduction

The New Jersey economy has continuously reinvented itself during the past two centuries, both structurally and spatially. Early settlements based on water-powered manufacturing and milling facilities scattered sparsely throughout a rural agricultural state yielded to dense, concentrated railroad- and steam-based urban production complexes. These in turn succumbed to freeway-based "edge cities" that shelter the new information-age economy. Thus, there have been spatial advances and spatial withdrawals, as cycles of technological innovation and industrial revolution have continuously renewed the New Jersey economy. The final two decades of the twentieth century have seen a vast reshaping as dramatic as that of the last two decades of the nineteenth century, when urbanization and city-building reigned.

This report describes the emergence of an economic cluster of counties in New Jersey and explains the reason for this new spatial alignment of the economy. The report also traces the historical shifts in the economic geography of New Jersey from its rural beginnings to its high technology present. Finally, the report describes the countervailing demographic and economic initiatives that once more may tilt growth back to urban New Jersey. It notes, however, that a variety of economic and public policy challenges raise serious questions about the outcome of the redirection of our state's spatial development.

The Wealth Belt Emerges

Since 1980, a virtual tidal wave of economic and demographic decentralization has reached and engulfed the peripheries of the state's metropolitan regions that were historically centered on New York City and Philadelphia. The phenomenon has reached its greatest intensity where New Jersey's "suburban rings" and "suburban edge cities" converge. As a result, the critical mass of the state's wealth, purchasing power, and economic wherewithal has shifted to what can be called the central New Jersey "Wealth Belt," an expanding group of counties whose economic and demographic performance is much more aligned with the nation's fast-growing "Sunbelt" than with the slow-growing "Frostbelt" (which encompasses the Northeast and Midwest regions of the country). Hence the Wealth Belt could also be termed New Jersey's own Sunbelt. In a less flattering land-use/transportation perspective, it also represents an unprecedented degree of automobile-dependent sprawl, congestion, and public infrastructure needs.

New Jersey's Wealth Belt is currently defined by six counties: Hunterdon, Mercer, Middlesex, Monmouth, Morris, and Somerset. This band of counties spans the narrow midsection (or waist) of central New Jersey between the Atlantic Ocean and the Delaware River, with a northern-edge outcropping defined by Morris County. A series of central arteries form the key growth zones and edge cities of the Wealth Belt. It is in these corridors that the new information-age economy has positioned itself—and toward which maturing baby-boom housing choices are oriented. These arteries consist of Interstate Route 287—the metropolitan circumferential freeway centered on New York City; Interstate Routes 80 and 78—the major east-west freeways traversing the entire width of the state; the Garden State Parkway—the state's major north-south toll road; and the New Jersey Turnpike, Route 1, and parts of Interstate Route 295—which define the historic corridor between New York City and Philadelphia.

Over 200 years ago, New Jersey was described by Benjamin Franklin as a "barrel tapped at both ends," wedged between the cities of New York and Philadelphia. Presently, the barrel is rapidly filling with growing shares of property wealth, income, jobs, and people. Over 30 years ago, *The New York Times*, still reflecting Franklin's perspective, described New Jersey as "a corridor state lost in megalopolis." Presently, New Jersey is no longer lost; rather its matrix of growth zones defines one of the most potent markets in the United States.

While the Wealth Belt defines the crest-of-the-geographic/economic wave, the Mature Core

Metropolis—comprising Bergen, Essex, Hudson, Passaic, and Union counties—remains large and strong economically, particularly its maturing suburbs. However, the once overwhelmingly dominant core counties have experienced a relative ebbing in their demographic, economic, and wealth positions. These changes are revealed by county-based trends in broad economic market potential (gauged by total population and total personal income), the scale of individual spending power (measured by per capita personal income), overall economic potency (determined by total employment), and property wealth (assessed by total equalized valuation and equalized valuation per capita). All of these indicators reveal the geography of the new New Jersey economy as the new millennium unfolds.

Dynamics

There are a number of demographic and economic forces and processes that have converged to yield the New Jersey Wealth Belt. The key demographic force is the maturing baby-boom generation, that oversized population cohort born between 1946 and 1964. The largest generation ever produced in the history of New Jersey, the baby boom was (predominantly) born in suburbia, reared in suburbia, ultimately chose to live, shop, and recreate in suburbia, and now prefers to work in suburbia. Thus, baby-boom choices and preferences, reinforced by economic cost advantages, underpinned the massive suburbanization of office space during the great development boom of the 1980s.

As it reproduced itself—generating the baby-boom echo—the baby boom also underpinned the dispersed suburban/exurban housing market of the 1990s. Large-lot, family-raising, trade-up, single-family housing now totally dominates housing demand. The extreme examples of the current market edge are the new “McMansions,” 5,000 square feet and larger houses on two-acre and larger lots, consuming enormous former greenfield and farmland acreage. The new “finished machines for living”—the appropriate label even for more reasonably-sized dwellings—are the shelter of choice for baby-boom housing consumers. The tract houses of the 1950-to-1980 era have fallen out of market favor, leading to new residential forms and locations. These new environmentally-attractive residential locations of choice are linked to the maturing job growth corridors within which the new information-age economy is centered.

The key economic dynamic behind these changes has been the latest reinvention and retooling of the New Jersey economy. Nationally, the post-industrial service economy emerged with a vengeance during the 1980s, with two key prerequisites. First, it required the highly-educated, highly-skilled labor force that is normally found in metropolitan areas, and New Jersey was ready as the most metropolitan state—it was the only state in America with every county a part of a metropolitan area! Second, it required the office inventory to shelter these workers. And again New Jersey was ready as a result of the great development wave of the 1980s, when 80 percent of all of the office space ever built in the history of the state was erected, with the majority constructed in the growth corridors of the Wealth Belt. At the beginning of the 1980s, the state was a non-player in the broad regional office market. By 1990, the eleven counties of central-northern New Jersey (which include the six Wealth Belt and five Mature Core Metropolis counties) comprised the fifth largest metropolitan office market in the country.

Despite massive overbuilding in the office arena in the 1980s—a harsh reality revealed by the devastating 38-month long recession of 1989 to 1992—this new inventory was available to house the new information-age economy of the 1990s. This second-generation post-industrial economy was a much more efficient, knowledge-dependent, information-based economy, where technology investments have finally yielded powerful productivity gains. In turn, productivity gains yielded strong growth and low unemployment, and strong growth yielded real income gains—all of which are epicentered in New Jersey’s Wealth Belt.

Definitional Framework

We have partitioned New Jersey into six regions for statewide analysis and to highlight the emerging Wealth Belt. These divisions are a working set of spatial delineations that attempt to isolate the increasingly complex economic and social profile of the state. Alternative configurations are possible, but we believe this partition is informative in terms of characterizing the economic and demographic forces at work in New Jersey during this trans-millennial period. Following is a brief description of each region.

Mature Core Metropolis consists of Bergen, Essex, Hudson, Passaic, and Union counties. This region encompasses the older industrial heartland of New Jersey and its allied suburbs, which experienced some of the state's earliest and most explosive suburban growth in the post-World War II years. The region also contains part of the core of the broader metropolitan region centered on Manhattan. It still contains potent economic nodes and zones of extraordinary residential affluence, but its *relative* share of the state's economy has been eroding.

Northern Exurban Fringe includes Sussex and Warren counties, both bordering the Delaware River in the northwest corner of the state. Once primarily oriented to agriculture and natural resources, they are now highly accessible to the suburban job-growth corridors that matured in the 1980s. Low-density residential use has been their most recent development mode, tied in part to the economy of the Wealth Belt.

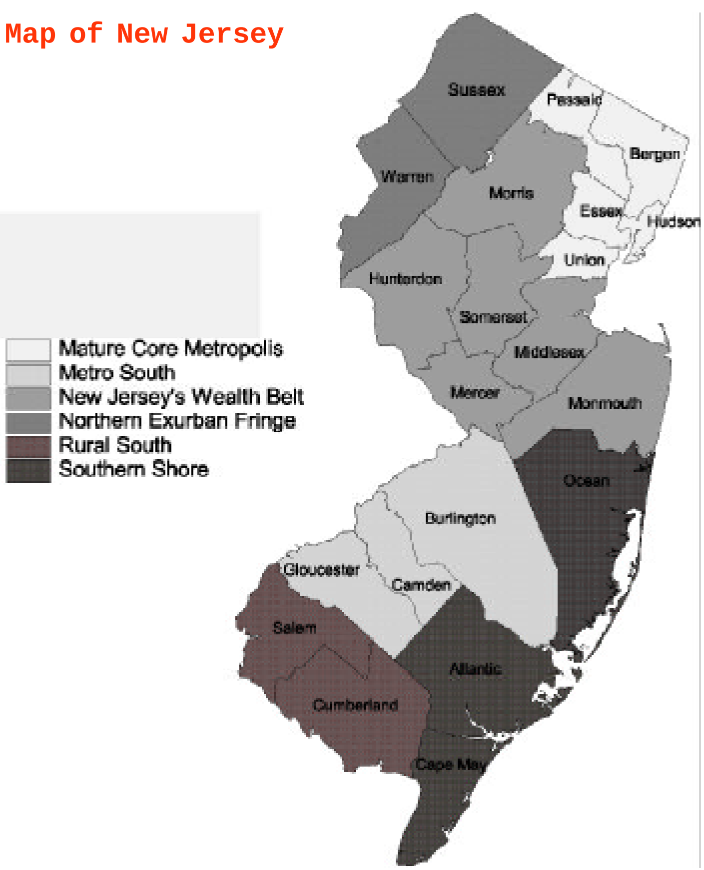
New Jersey's Wealth Belt first emerged with great economic force during the boom years of the 1980s. Hunterdon, Mercer, Middlesex, Monmouth, Morris, and Somerset counties are host to one or more highway-centered suburban employment-growth corridors. These six counties define a key part of the broad suburban perimeter of the metropolitan area centered on Manhattan. Its economic market share has grown dramatically.

Metro South comprises three counties centered on the City of Camden, once the manufacturing colossus of southern New Jersey—Camden, Burlington, and Gloucester. This region contains a number of early and maturing inlying suburban municipalities, as well as the developing suburban perimeter/edge city of the Camden-Philadelphia centered metropolitan area. It is home to a number of emerging highway-oriented, job-growth corridors.

Southern Shore incorporates within it the three southeastern counties of New Jersey bordering the Atlantic Ocean: Atlantic, Cape May, and Ocean. While the region's land use is heterogeneous—including a mix of bedroom, retirement, resort, and gambling communities—its dominant orientation is the Jersey shore, although the northern sectors are increasingly tied to the jobs of the Wealth Belt.

Rural South consists of Cumberland and Salem counties in the southwest part of the state. This is still a rural agriculturally-focused region falling mostly outside of the commutersheds of the job-growth areas of New Jersey.

Map of New Jersey



Barometers of Change

Table 1 provides a summary glimpse of the surging Wealth Belt compared to the Core Metropolis. In all measures of size and economic scale—total equalized valuation, total personal income, total employment, and total population—the Wealth Belt's share of statewide total has expanded markedly between 1969 and the late 1990s; correspondingly, shares held by the Core Metropolis have eroded significantly. While still the largest regional economy, the once commanding presence of the Core Metropolis is now history. Moreover, when individual measures of wealth and affluence are viewed—per capita equalized valuation and per capita personal income—the Wealth Belt has surpassed the Core. A more detailed evaluation of this transformation follows.

Real Property Wealth: Equalized Valuation

Equalized valuation represents the market value of real estate property (land and improvements). Thus, it provides a measurable base of real property wealth for geographic areas. Table 2 presents the equalized valuation totals for the six regional partitions and their component counties for 1969 and 1998, as well as their relative statewide shares (percent distribution).

In 1969, the Mature Core Metropolis accounted for 50.4 percent ($25.1 billion) of New Jersey's total equalized property valuation ($49.8 billion), thus

Table 1
Wealth Belt versus Mature Core Metropolis: Summary Measures
(In percentages and current dollars)

	Total Equalized Valuation Share of State		Per Capita Equalized Valuation	
	1969	**1998**	**1969**	**1998**
Mature Core Metropolis	50.4%	36.6%	$7,961	$60,346
New Jersey's Wealth Belt	29.3%	36.3%	$5,791	$75,639

	Total Personal Income Share of State		Per Capita Personal Income	
	1969	**1997**	**1969**	**1997**
Mature Core Metropolis	51.2%	40.2%	$4,811	$33,423
New Jersey's Wealth Belt	28.1%	35.0%	$4,598	$36,733

	Total Employment Share of State		Total Population Share of State	
	1969	**1997**	**1970**	**1998**
Mature Core Metropolis	53.7%	40.0%	48.0%	38.8%
New Jersey's Wealth Belt	25.3%	34.8%	27.9%	31.0%

Table 2
Equalized Real Property Valuation and Percentage Distribution
New Jersey Regions and Counties: 1969 - 1998

(In thousands of current dollars)

	1969	1998	Percent Distribution 1969	Percent Distribution 1998
NEW JERSEY TOTAL	$49,806,701	$517,375,526	100.0%	100.0%
Mature Core Metropolis	25,094,935	189,234,852	50.4	36.6
ESSEX	5,679,364	36,945,987	11.4	7.1
HUDSON	3,125,832	19,968,190	6.3	3.9
UNION	4,659,417	31,776,040	9.4	6.1
BERGEN	8,467,342	77,168,476	17.0	14.9
PASSAIC	3,162,979	23,376,159	6.4	4.5
Northern Exurban Fringe	1,104,749	14,367,192	2.2	2.8
SUSSEX	659,659	8,626,202	1.3	1.7
WARREN	445,090	5,740,990	0.9	1.1
New Jersey's Wealth Belt	14,572,661	188,017,296	29.3	36.3
HUNTERDON	603,600	10,532,407	1.2	2.0
MERCER	1,764,185	19,722,535	3.5	3.8
MIDDLESEX	4,100,573	44,053,529	8.2	8.5
MONMOUTH	3,105,472	43,530,931	6.2	8.4
MORRIS	3,313,941	44,101,389	6.7	8.5
SOMERSET	1,684,890	26,076,505	3.4	5.0
Metro South	4,529,406	52,975,660	9.1	10.2
CAMDEN	2,186,888	19,674,037	4.4	3.8
BURLINGTON	1,492,120	21,040,783	3.0	4.1
GLOUCESTER	850,399	12,260,840	1.7	2.4
Southern Shore	3,703,839	65,329,187	7.4	12.6
ATLANTIC	1,094,519	18,336,927	2.2	3.5
CAPE MAY	806,692	13,877,515	1.6	2.7
OCEAN	1,802,628	33,114,745	3.6	6.4
Rural South	801,111	7,451,338	1.6	1.4
CUMBERLAND	521,422	4,501,503	1.0	0.9
SALEM	279,689	2,949,835	0.6	0.6

Note: Equalized Valuation as of October 1, 1998
Source: New Jersey Division of Taxation

indicating the enormous concentration of real property assets in the state's northeastern quadrant closest to New York City. In contrast, New Jersey's Wealth Belt at that time accounted for only 29.3 percent ($14.6 billion).

By 1998, the state's total equalized valuation soared to more than one-half trillion dollars ($517 billion), a ten-fold increase over the 29-year period! However, there was a marked change in its geographic distribution. New Jersey's Wealth Belt gained virtual parity ($188 billion) with the Core Metropolis ($189 billion), as both now command a statewide share of 36 percent. While Bergen County maintained its state-leading position ($77 billion), its statewide valuation share fell from 17.0 percent to 14.9 percent. The Wealth Belt had the next three highest-ranking counties—Morris, Middlesex, and Monmouth—each accounting for about 8.5 percent of total state valuation.

Equally impressive in terms of valuation growth has been the Southern Shore region, whose statewide share increased from 7.4 percent in 1969 to 12.6 percent in 1998. This represents the impact of casino gaming and the growth of retirement complexes and resort housing, but it also represents links to the Wealth Belt. Ocean County encompasses many bedroom communities whose residents work in the Wealth Belt, and all three counties provide vacation dwellings for Wealth Belt residents.

Equalized Valuation Per Capita

The amount of real property valuation per person is another measure revealing affluence and wealth position. In 1969, as shown in Table 3, the equalized per capita valuation in New Jersey's Wealth Belt ($5,791) was considerably below that of the Mature Core Metropolis ($7,961). By 1998, the valuation per capita in the Wealth Belt ($75,639) had soared past that of the Core Metropolis ($60,346) and stood 17 percent above the statewide average ($64,248).[1]

Thus, as the last decade of the century comes to a close, New Jersey's Wealth Belt stands preeminent in property wealth per person. It includes the second- (Morris), third- (Somerset), and fifth- (Hunterdon) ranking counties in the state. While Bergen County ranks fourth—down from second in 1969—there was a decline in the ranking of every county in the Core Metropolis between 1969 and 1998.

Total Personal Income

Total personal income—the income received by all persons in an area from all sources—serves as a barometer of broad market potency (Table 4). In 1997, New Jersey's Wealth Belt accounted for more than one-third (35.0 percent or $91.4 billion) of the state's total personal income ($260.7 billion). This income share (35.0 percent) is slightly lower than the region's share (36.3 percent) of total equalized valuation, but the long-term trend line is identical—the gain in Wealth Belt income share and decline in Core Metropolis income share (from 51.2 percent to 40.2 percent) over time mirrors that of equalized valuation.

The overall patterns of change of total personal income in each region and county between 1969 and 1997 are also detailed in Table 4. While the Wealth Belt did not achieve parity with the Core Metropolis by 1997—35.0 percent of total New Jersey personal income versus 40.2 percent, respectively—the gap narrowed significantly from 1969, when the Core Metropolis's share (51.2 percent) was almost double that (28.1 percent) of the Wealth Belt. Between 1969 and 1997, each of the six counties comprising the Wealth Belt

[1] The Southern Shore region, particularly number-one ranking Cape May County, represents a special situation. The valuation per capita calculation produces exaggerated results in seasonal areas since the valuation of seasonal housing is included in the numerator, but only year-round residents are included in the denominator. This yields misleadingly high numbers.

Table 3
Per Capita Equalized Valuation of Local Property, and Interperiod Change
New Jersey Counties: 1969 - 1998
(In current dollars)

	1969	1998	Rank in State 1969	Rank in State 1998
NEW JERSEY TOTAL	$6,138	$64,248		
Mature Core Metropolis	7,961	60,346		
ESSEX	6,138	49,206	13	16
HUDSON	5,112	36,210	16	20
UNION	8,656	63,788	7	9
BERGEN	9,474	90,643	2	4
PASSAIC	6,862	48,293	11	17
Northern Exurban Fringe	4,572	59,776		
SUSSEX	8,753	60,724	6	11
WARREN	6,117	58,407	14	13
New Jersey's Wealth Belt	5,791	75,639		
HUNTERDON	8,799	87,349	5	5
MERCER	5,769	59,804	15	12
MIDDLESEX	7,157	62,212	9	10
MONMOUTH	6,886	73,008	10	7
MORRIS	8,801	97,107	4	2
SOMERSET	8,638	94,198	8	3
Metro South	3,860	45,333		
CAMDEN	4,848	38,990	18	19
BURLINGTON	4,765	50,345	19	14
GLOUCESTER	5,000	49,827	17	15
Southern Shore	4,484	80,118		
ATLANTIC	6,269	77,512	12	6
CAPE MAY	13,673	141,427	1	1
OCEAN	9,049	68,886	3	8
Rural South	3,903	36,006		
CUMBERLAND	4,319	31,947	21	21
SALEM	4,711	44,667	20	18

Note: Based on 1998 Equalized Valuation as of October 1, 1998; Population estimates from July 1, 1997
Source: New Jersey Division of Taxation

Table 4
Total Personal Income by Region and County: 1969 and 1997
(In thousands of current dollars)

	1969	1997	Percent Distribution 1969	Percent Distribution 1997
NEW JERSEY TOTAL	$32,201,247	$260,736,000	100.0%	100.0%
Mature Core Metropolis	16,499,673	104,921,000	51.2	40.2
ESSEX	4,339,427	24,464,000	13.5	9.4
HUDSON	2,406,430	13,831,000	7.5	5.3
UNION	2,813,513	17,515,000	8.7	6.7
BERGEN	4,913,503	36,760,000	15.3	14.1
PASSAIC	2,026,800	12,351,000	6.3	4.7
Northern Exurban Fringe	590,568	6,611,000	1.8	2.5
SUSSEX	309,944	3,995,000	1.0	1.5
WARREN	280,624	2,616,000	0.9	1.0
New Jersey's Wealth Belt	9,058,680	91,357,000	28.1	35.0
HUNTERDON	320,517	4,802,000	1.0	1.8
MERCER	1,358,763	12,070,000	4.2	4.6
MIDDLESEX	2,501,518	21,889,000	7.8	8.4
MONMOUTH	1,971,457	20,269,000	6.1	7.8
MORRIS	1,892,930	19,503,000	5.9	7.5
SOMERSET	1,013,495	12,824,000	3.1	4.9
Metro South	3,688,304	31,017,000	11.5	11.9
CAMDEN	1,815,031	13,377,000	5.6	5.1
BURLINGTON	1,239,967	11,653,000	3.9	4.5
GLOUCESTER	633,306	5,987,000	2.0	2.3
Southern Shore	1,684,845	22,133,000	5.2	8.5
ATLANTIC	690,957	7,134,000	2.1	2.7
CAPE MAY	231,177	2,588,000	0.7	1.0
OCEAN	762,711	12,411,000	2.4	4.8
Rural South	679,177	4,696,000	2.1	1.8
CUMBERLAND	441,250	3,054,000	1.4	1.2
SALEM	237,927	1,642,000	0.7	0.6

Source: Bureau of Economic Analysis

increased their statewide share; each of the five counties comprising the Core Metropolis experienced share decreases. The Wealth Belt is on a trajectory to achieve total personal income parity with the Core Metropolis early in the new millennium.

Per Capita Personal Income

By the 1990s, New Jersey's Wealth Belt already stood preeminent in per capita income, a measure of individual spending power and personal economic capacity in a geographic area (Table 5). This was a dramatic shift from the late 1960s. In 1969, the per capita income of the Core Metropolis—still the regional leader—was 106 percent of the New Jersey average (i.e., 6 percent higher). While the Wealth Belt had the second highest per capita income among the six regions, it was only 101.3 percent of the statewide average (i.e., 1.3 percent higher), and far below that of the Core.

By 1997, these positions had been fully reversed; the Wealth Belt's $36,733 per capita income was 113.5 percent of the $32,356 statewide average (up from 101.3 percent in 1969), compared to 103.3 percent for the Core Metropolis (down from 106 percent in 1969). All six counties of the Wealth Belt improved their statewide per capita personal income ranking between 1969 and 1997, with Somerset ($46,392 or 143.4 percent of the state average) and Morris ($42,913 or 132.6 percent) now ranked first and third. In contrast, all five counties of the Core Metropolis experienced a loss in statewide rank, with Bergen falling from first to second.

Thus, the changes in per capita personal income are essentially similar to those of equalized valuation per capita. They show an emerging Wealth Belt already dominating the state and steadily increasing its commanding position in individual economic capacity.

Total Employment

Total employment—the number of jobs located in a geographic area—is a key indicator of the scale of an area's economic base. In 1969, the Wealth Belt's 773,856 jobs represented only a quarter (25.3 percent) of the state's 3.1 million jobs (Table 6). In contrast, the Mature Core Metropolis's 1.6 million jobs accounted for more than half (53.7 percent)—a share more than double that of the Wealth Belt. Thus, the New Jersey economy was highly concentrated in the northeast core region of the state. By 1997, employment in the Wealth Belt nearly doubled. It gained more than one-half million jobs (to a total of over 1.3 million) and it increased its statewide share from one-quarter to more than one-third (34.8 percent). At the same time, the Core Metropolis's share fell from 53.7 percent to 40.0 percent with the loss of over 100,000 jobs. However, Bergen County experienced a gain in its statewide share, the only county in the Core to do so, and maintained its state-leading employment position. But every county in the Wealth Belt also increased its share of the state's total employment base.

Population

Table 7 details New Jersey's total population shifts by region and county between 1970 and 1998. Massive and sustained suburbanization and exurbanization of the state's populace is the key spatial demographic reality. During this period, the state's population increased by nearly one million (943,899) persons. More than one-half (515,141 persons) of this growth was captured by the Wealth Belt. By 1998, nearly one-out-of-three (31.0 percent) New Jerseyans were Wealth Belt residents, up from 27.9 percent in 1970. Concurrently, the Mature Core Metropolis's share of the state's population fell from nearly half (48.0 percent) to 38.8 percent. The Wealth Belt demonstrated substantial population growth (25.7 percent) between 1970 and 1998, led by Hunterdon County (75.6 percent). In contrast, the Core Metropolis exhibited significant population losses (-8.4 percent), led by Essex County (-19.5 percent).

Table 5
Per Capita Personal Income by Geographic Location: 1969 and 1997

(In current dollars)

	1969	1997	County: Percent of State 1969	County: Percent of State 1997	Rank in State 1969	Rank in State 1997
NEW JERSEY TOTAL	$4,539	$32,356	100.0%	100.0%		
Mature Core Metropolis	4,811	33,423	106.0	103.3		
ESSEX	4,690	32,581	103.3	100.7	5	8
HUDSON	3,936	24,943	86.7	77.1	16	19
UNION	5,227	35,157	115.2	108.7	2	6
BERGEN	5,498	43,123	121.1	133.3	1	2
PASSAIC	4,397	25,560	96.9	79.0	8	17
Northern Exurban Fringe	3,987	27,559	87.8	85.2		
SUSSEX	4,112	28,162	90.6	87.0	11	11
WARREN	3,857	26,687	85.0	82.5	18	13
New Jersey's Wealth Belt	4,598	36,733	101.3	113.5		
HUNTERDON	4,672	39,830	102.9	123.1	6	4
MERCER	4,443	36,598	97.9	113.1	7	5
MIDDLESEX	4,366	30,881	96.2	95.4	10	9
MONMOUTH	4,372	33,952	96.3	104.9	9	7
MORRIS	5,027	42,913	110.8	132.6	4	3
SOMERSET	5,196	46,392	114.5	143.4	3	1
Metro South	3,947	26,528	87.0	82.0		
CAMDEN	4,023	26,500	88.6	81.9	12	14
BURLINGTON	3,960	27,849	87.3	86.1	14	12
GLOUCESTER	3,723	24,340	82.0	75.2	20	20
Southern Shore	3,893	27,099	85.8	83.8		
ATLANTIC	3,957	30,187	87.2	93.3	15	10
CAPE MAY	3,918	26,419	86.3	81.7	17	15
OCEAN	3,829	25,725	84.4	79.5	19	16
Rural South	3,771	22,770	83.1	70.4		
CUMBERLAND	3,655	21,663	80.5	67.0	21	21
SALEM	4,008	25,162	88.3	77.8	13	18

Source: Bureau of Economic Analysis

Table 6
Total Employment by Geographic Location: 1969 and 1997

	1969	1997	Percent Distribution 1969	Percent Distribution 1997
NEW JERSEY TOTAL	3,061,488	3,837,726	100.0%	100.0%
Mature Core Metropolis	1,642,769	1,535,253	53.7	40.0
ESSEX	484,560	384,783	15.8	10.0
HUDSON	289,044	249,533	9.4	6.5
UNION	289,018	244,839	9.4	6.4
BERGEN	370,076	468,063	12.1	12.2
PASSAIC	210,071	188,035	6.9	4.9
Northern Exurban Fringe	51,292	71,582	1.7	1.9
SUSSEX	20,242	35,959	0.7	0.9
WARREN	31,050	35,623	1.0	0.9
New Jersey's Wealth Belt	773,856	1,336,336	25.3	34.8
HUNTERDON	23,772	46,107	0.8	1.2
MERCER	149,855	200,724	4.9	5.2
MIDDLESEX	227,944	401,960	7.4	10.5
MONMOUTH	157,648	242,418	5.1	6.3
MORRIS	141,113	271,990	4.6	7.1
SOMERSET	73,524	173,137	2.4	4.5
Metro South	350,145	487,414	11.4	12.7
CAMDEN	166,475	213,657	5.4	5.6
BURLINGTON	137,297	185,102	4.5	4.8
GLOUCESTER	46,373	88,655	1.5	2.3
Southern Shore	158,431	323,995	5.2	8.4
ATLANTIC	78,420	148,882	2.6	3.9
CAPE MAY	24,006	40,437	0.8	1.1
OCEAN	56,005	134,676	1.8	3.5
Rural South	84,995	83,146	2.8	2.2
CUMBERLAND	57,679	59,643	1.9	1.6
SALEM	27,316	23,503	0.9	0.6

Source: Bureau of Economic Analysis

Table 7
Total Population by Region and County: 1970 and 1998

	1970	1998	Percent Distribution 1970	Percent Distribution 1998	Change: 1970-1998 number	Change: 1970-1998 percent
NEW JERSEY TOTAL	7,171,112	8,115,011	100.0%	100.0%	943,899	13.2%
Mature Core Metropolis	3,441,411	3,152,306	48.0	38.8	(289,105)	-8.4
ESSEX	932,526	750,273	13.0	9.2	(182,253)	-19.5
HUDSON	607,839	557,159	8.5	6.9	(50,680)	-8.3
UNION	543,116	500,608	7.6	6.2	(42,508)	-7.8
BERGEN	897,148	858,529	12.5	10.6	(38,619)	-4.3
PASSAIC	460,782	485,737	6.4	6.0	24,955	5.4
Northern Exurban Fringe	151,488	241,630	2.1	3.0	90,142	59.5
SUSSEX	77,528	143,030	1.1	1.8	65,502	84.5
WARREN	73,960	98,600	1.0	1.2	24,640	33.3
New Jersey's Wealth Belt	2,001,322	2,516,463	27.9	31.0	515,141	25.7
HUNTERDON	69,718	122,428	1.0	1.5	52,710	75.6
MERCER	304,116	331,629	4.2	4.1	27,513	9.0
MIDDLESEX	583,813	716,176	8.1	8.8	132,363	22.7
MONMOUTH	461,849	603,434	6.4	7.4	141,585	30.7
MORRIS	383,454	459,896	5.3	5.7	76,442	19.9
SOMERSET	198,372	282,900	2.8	3.5	84,528	42.6
Metro South	952,104	1,173,424	13.3	14.5	221,320	23.2
CAMDEN	456,291	505,204	6.4	6.2	48,913	10.7
BURLINGTON	323,132	420,323	4.5	5.2	97,191	30.1
GLOUCESTER	172,681	247,897	2.4	3.1	75,216	43.6
Southern Shore	443,067	825,935	6.2	10.2	382,868	86.4
ATLANTIC	175,043	238,047	2.4	2.9	63,004	36.0
CAPE MAY	59,554	98,069	0.8	1.2	38,515	64.7
OCEAN	208,470	489,819	2.9	6.0	281,349	135.0
Rural South	181,720	205,253	2.5	2.5	23,533	13.0
CUMBERLAND	121,374	140,341	1.7	1.7	18,967	15.6
SALEM	60,346	64,912	0.8	0.8	4,566	7.6

Note: 1998 Estimates as of July 1st

Sources: U.S. Censuses of Population and Housing and New Jersey State Data Center

New Jersey's Historical Economic Record

The demographic and economic geography of end-of-millennium New Jersey has been reinvented by one-half century of large-scale residential suburbanization, by four decades of large-scale retail decentralization, and by two decades of large-scale office and service-industry deconcentration.[2] Thus, the emergent Wealth Belt is the end product of a long trajectory of postwar geographic dispersion. Moreover, it is the latest phase of an even longer historical record of spatial reorganizations.

The history of New Jersey during the past two centuries has been characterized by continuous geographic movements and the emergence of new spatial concentrations and deconcentrations of people and economic activity. This evolution has been spurred by technological and economic change, along with demographic and social shifts. We have moved from dispersed small early nineteenth-century settlements based on water power and agriculture, to highly concentrated early twentieth-century urban-industrial nodes predicated on steam power and railroads, to a vast early twenty-first century Wealth Belt tied to an information-age economy. The historic pivotal points that benchmark the key stages of development of New Jersey are briefly discussed below.

Rural New Jersey: 1790 to 1800

At the beginning of the nineteenth century, New Jersey comprised a rural society, with a marked absence of population centers comparable to the great urban concentrations of Europe. Dispersed rural populations surrounding small towns and villages defined the state's development pattern. The villages and towns were nascent trade centers predicated to a large degree on agricultural and mining (iron) functions, water power for mills and early textile processing, as well as mercantile activities. The forces leading to their evolution, then, were trade, agricultural, water power and/or transportation requirements. These towns and villages were situated in reference to the primary shipping modes—*water transportation and early road networks*—as well as to *sources of water power*. They were often rudimentary seaports located on the Hudson or Delaware Rivers, or rivers flowing into them. Clearly, the origins of present-day cities such as Trenton, Camden, Perth Amboy, New Brunswick, Elizabeth, and Newark can be traced to their emergence during this period.

Many of the transportation linkages were geared to New York City and Philadelphia, even though the latter were still in a relatively early state of development. It was during this time that the New York City-Philadelphia axis developed, a corridor within which much of New Jersey's population would be oriented. Many of the early settlements located there were destined to evolve into the major cities of the Civil War era, and would eventually provide the framework for the network of railroads which emerged in mid-century. Thus, the initial foundations of industrial urban New Jersey were set during this period.

The Rise of the Industrial City: 1850 to 1870

By 1850, New Jersey began to experience the effects of the emerging industrial era and its physical expression was the rise of the industrial city. The

[2]Multiple dimensions of suburbanization have occurred simultaneously in New Jersey. Within the state, there have been outward flows from older urban centers such as Camden and Newark into the surrounding territories. Superimposed on this pattern has been the outward flows from New York City and Philadelphia into suburban New Jersey. Moreover, while there is a historic flow of new immigrant groups into New Jersey's urban areas, as well as into New York City and Philadelphia, suburban New Jersey has also become a direct destination for large numbers of new immigrants. Thus, the overall process of suburbanization in New Jersey is complex.

successive developments of *the canal and railroad systems and the emergence of the industrial use of steam power* became important centralizing forces drawing populations to urban areas—the focal points of the industrial economy. The cities' populations—fed by rural-to-urban and international migrations—massed around emerging factory structures, and were dependent on close pedestrian linkages. A tight, dense, interdependent urban complex evolved, with residences closely linked to workplaces, and service facilities clustering near their residential markets. The urban way of life began to secure critical mass in New Jersey.

Early Metropolitanization: 1920 to 1940

By 1920, a new spatial pattern had emerged: the early industrial metropolis. This evolutionary stage was given impetus by *the growth and connection of electric power systems and the internal combustion engine.* The cities, now crowded to the bursting point, spilled their boundaries and began to encompass adjacent political units. The city was still the dominant sector of New Jersey society, but a host of contiguous territories became a functional part of the daily urban economic system. Residential clusters developed outside the city but were closely dependent upon it for most economic and social functions. Thus, the rise of the metropolis was a consequence of the continued dominance of the urban economy as well as the development of outlying suburban residential communities.

The earliest suburbs, which developed at the end of the nineteenth and early twentieth centuries, were of a highly disciplined nature. Constrained by transportation technology, they were intimately tied to streetcar systems and early commuter rail lines. Hence, suburban development took a clustered form about commuter stations. Their spatial spread was often limited by feasible walking distances. Perhaps better described as suburban villages, they established the image of suburbia that persists to the present day.

However, during the 1920s, suburbanization was also linked to the private automobile and the early development of the state's highway system. From 1920 to 1930 car ownership grew markedly and opened more suburban territory for development. The automobile overrode the constraining forces that disciplined the pattern of early suburbs, and enabled economic and residential growth to spread indiscriminately. Urban and suburban sprawl was thus initiated during this period, although the city remained the central element for the day-to-day activities of most of our urban and suburban populations.

Post-War Suburbanization—Decline of the City: 1950 to 1970

The forces of suburbanization, held in check by the Depression and World War II, immediately reasserted themselves at the end of the decade of the 1940s. The workforce demanded, and was now able to afford, new housing as a consequence of the high rate of household formation, strong economic growth, and the home-loan provisions of the GI Bill. This was the era of tract house suburban New Jersey. Approximately 1,000 housing units per week were added to New Jersey's shelter inventory—a pace sustained for more than 1,000 straight weeks! Thus, New Jersey gained approximately one million housing units over a twenty-year period. The great majority were "Levittown-style" units filling suburban jurisdictions of counties that contained the state's major cities—such as Essex and Union counties. This vast physical transformation was facilitated by unprecedented levels of automobile ownership, the opening of the state's toll roads, and the initial stages of construction of the Interstate Highway System.

Throughout this period, the New Jersey city increasingly faced *a crisis of function* —activities once the sole province of the central city became dispersed throughout the metropolis. *Electronics, oil, petrochemicals, aviation, and mass production* changed the profile of the state's industrial base. The increasing reliance on trucking and highways and single-story manufacturing structures rendered obsolete many dimensions of the dense physical structure of urban New Jersey.

Edge City New Jersey and the Emergence of the Wealth Belt: 1980 to 2000

All of the patterns that emerged in the preceding period reached a new crescendo in the final two decades of the century. New Jersey's manufacturing economy peaked in 1969; a sustained hemorrhage of manufacturing jobs and a sustained diminution in its relative economic importance then ensued. The old industrial base of the state's cities virtually disappeared after the Vietnam War.

The new economy that emerged has several dimensions. Spatially, all of the economic functions once solely the province of the central cities—workplace, residence place, shopping place, health place, cultural place, and recreation place—became dispersed through the metropolis. The completion of the Interstate Highway System in New Jersey and vastly expanded toll roads defined the spatial corridors of economic expansion.

By the end of the 1980s, close to 30 enclosed super-regional shopping malls had been erected—the new regional mall grid came to dominate New Jersey's retailing. The state's cities were the clear-cut losers—regional malls the clear-cut victors—in the regional retail wars. During the 1990s, the "malling" of New Jersey was replaced by the "big boxing" of New Jersey, as new retailing formats proliferated throughout the suburban arena.

The signature spatial event of this period was the emergence of the freeway-oriented suburban-growth corridor during the 1980s. Over 80 percent of all the office space ever built in the history of New Jersey by 1990 went up in the 1980s. In ten years we built a twenty-year supply of space, as the state experienced the greatest level of economic deconcentration in history.

The initial economic force was the emergence of the first-generation post-industrial economy. Massive growth in service, finance, and other white-collar corporate employment, mostly sheltered in the new massive suburban office inventory, defined the decade of the 1980s. While this first-generation post-industrial economy was not particularly efficient, principally because productivity advances were hindered by struggles to successfully incorporate computerization and information technology, its spatial impacts were dramatic.

In the 1990s, the second generation post-industrial era emerged—a much more efficient and productive knowledge-dependent, information-age economy. This era was, and is being driven by *globalization, deregulation, sustained innovation, and the rise to dominance of information technology*. Key end-of-century forces and economic sectors include *semiconductors, software, fiber optics, digital networks, the internet, genetics, and new media*—a far cry from the steam, rail, and heavy production paradigm that underpinned the rise of New Jersey's industrial cities.

Living Large in New Jersey

The emergence of the Wealth Belt is linked to another phenomenon: living large in New Jersey or the giganticizing of New Jersey. Except in the aftermath of the energy crises of the 1970s, bigger has always been better in the United States, but big is now getting really big! Housing stands as the prime example. The original suburban house of Levittown—the Levitt Cape Cod—was a 900-square-foot tribute to modesty. We are now producing amenity-laden finished machines for living that are at least two and one-half times as large—big and lush. In 1998, the average size for a new house in the Northeast region of the United States was approaching 2,300 square feet. In the large lot subdivisions of New Jersey's Wealth Belt, the modular size is easily 3,600 square feet—and the new "Starter Castles" are far larger.

In addition, one out of three New Jerseyans is a maturing baby boomer in the child-rearing stage of the family life cycle. Never before in history have we had such a disproportionate share of the state's population in the age span where productivity, earnings, and incomes peak. With the new information-age economy finally generating substantial income gains in the context of low interest rates, the ability to purchase ever-larger single-family units is at unprecedented levels. Between 1960 and 1990, less than 60 percent of housing units authorized by building permit in the state were single family units. In the 1990s, over 85 percent of building permits have been single family, representing an all-time record share of market. In addition, the 1990s' single family units are far larger, with ever-greater amenity packages.

Motor vehicles stand as a second example of giganticizing. During the current decade, baby boomers have moved from Hondas to SUVs (sport utility vehicles)—a move perhaps in parallel to their maturing derrieres. Now they are moving from SUVs to SAVs (suburban assault vehicles)—from two-ton Ford Explorers to two-and-one-half-ton Ford Expeditions to three-ton Ford Excursions. This move may represent an attempt to subdue increasingly congested roads through sheer size and strength. Such big vehicles and wheels—public enemy number one to energy conservation—parked in the three-car garages of the Wealth Belt's McMansions may represent a new obsession with abundance. Whether due to a stock-market-inspired wealth effect, real income gains, or a near-record-length economic expansion, there may be limits to large. Large homes, large cars, and large commutes, the products of individual consumer decisions, produce sprawl and congestion that impose costs in time and dollars and threaten the very sources of these individual decisions—the economy's strong performance.

Suburban and Exurban Crawl: Success, Size, and Congestion

The new information-age economy could also be labeled the "speed-of-light economy"—an era driven by the impact of information flowing through fiber optic cables at the speed of light. But the evolution to a light-speed economy has been paralleled by the evolution to a snail-speed transportation system. The suburban and exurban sprawl of the past two decades has now fully yielded suburban and exurban crawl. Chronic sustained creeping congestion has become the bucolic nightmare—the Wealth-Belt/ edge-city nightmare. The new congestion scene—the frontier of congestion—comprises overloaded networks of early- to mid-twentieth century two-lane local and county roads crammed with end-of-century baby-boom commuters in their SAVs. Because of totally dispersed trip origins and trip destinations, the new congestion appears to be an intractable problem since there is no other realistic option to private vehicles on the Wealth Belt's exuburban periphery. Thus, it is a far more difficult problem to untangle than old-fashioned highway or freeway backups, and it is a congestion problem that is probably increasing much faster than is congestion on our freeway nets. The congestion cycle keeps moving outward, spurred by living large in New Jersey and relentless economic and residential decentralization to the next greenfield. Are we stretching the Wealth Belt close to the breaking point?

New Millennium Demographics

The baby boom's national pastime was postponing middle age. But middle age landed with a vengeance as the 1990s matured. As the thundering baby-boom herd stampedes into the new millennium, advanced middle age cannot be avoided. As their children fly from the parental nest, baby boomers will increasingly become empty nesters and a new housing era will emerge in New Jersey and America: the era of "empty-nesterhood." Rattling around in their McMansions—among the most deeply feathered nests in history—post-middle-age baby boomers will begin to make new housing choices, with "trading up" succumbing to "resizing." While this new housing future has not yet been fully invented, it may well portend more compact communities and/or spatial shifts to areas of concentrated entertainment, cultural, and recreational facilities—or to areas easily accessible to them. Wealth-Belt sprawl may finally attenuate due to demographic dynamics, but this future is certainly not assured.

Issues and Challenges to Spatial Realignments

The surging Wealth-Belt counties represent the leading edge of the end-of-century economic reality of New Jersey and the metropolitan regions of which they are a part. The shift of the critical mass of economic activity, purchasing power, and affluence to the metropolitan perimeter not only signifies a new market geography, but also a new political geography.

Infrastructure and Development

However, the national real estate community—not simply the "greens"—has started to question the long-term viability of the edge-city economic agglomerations that we have termed suburban growth corridors. These metropolitan perimeter zones lack true cores and have virtually no mass transit capacity. Infrastructure shortfalls abound amid a certain degree of land-use chaos. Laissez-faire, unrestrained growth markets are seen as increasing investment risks. Slash and burn development is being viewed with disfavor; there is recognition that areas with growth constraints and limitations yield healthier and more stable investment markets. There is no greater risk to land values than unrestrained development. New Jersey's Wealth Belt is about to confront this reality.

The enormous economic growth of the Wealth Belt has brought with it increasing congestion with concomitant significant costs in time and money to individuals and business. In addition, air and groundwater quality deterioration has accompanied the economic boom of the Wealth Belt along with the rising and large costs of providing new infrastructure, schools, and related services in a political environment that has championed reduction in the role of government and the size of the public sector. The promise of more growth, driven by individual preferences that continue to seek to replicate the style and scale of living characterized by the residential and spatial patterns of the Wealth Belt, promises, in turn, more congestion, environmental problems, and public sector pressures.

Incentives for Investment

At some point in this cycle, public policy and individual choices are affected. First, public policy, in response to the incessant costs of sprawl, has attempted through such actions as the State Development and Redevelopment Plan and the eventual renewal of the Transportation Trust Fund to shift public investments and hence, via the cost incentives such investment creates for buyers, builders, and municipalities, to channel growth back to urban areas and towns. Second, as the self-imposed costs of the Wealth Belt's success continue, the relative costs of housing, time, and convenience change in favor of individual and business choices for more concentrated residential and business patterns.

As a result of over 100 months of sustained national economic growth and the swing in relative location costs, New Jersey's cities are experiencing a recovery of private-sector investment and economic development. This is most apparent along the Hudson waterfront from Fort Lee south to Liberty State Park spanning the towns of Edgewater, West New York, Weehawken, Hoboken, and Jersey City. In addition, Newark is also experiencing private-sector development on a large and highly visible scale led by public and private partnerships and focused around commercial office construction, the New Jersey Performing Arts Center, higher education and science and technology linkages, and residential construction. There are also signs of emerging private investment in Elizabeth. In all of these areas, the cost equation for businesses and individuals locating in New York or in ever further receding suburban New Jersey is moving in favor of urban New Jersey. These changes, combined with the demographic future of empty-nest baby boomers and young professionals focused on convenience and access, have meant that areas of urban northern New Jersey are once again returning to be locations of choice as they once were nearly 50 years ago. (However, it is interesting to note that some of the symmetric quality of life issues and related development costs that are now readily apparent in the Wealth Belt are beginning to emerge in the very Hudson waterfront urban municipalities and cities experiencing the most growth. These consist of rising local highway and parking congestion, the changed character of local neighborhoods, loss of New York skyline views, and rapidly increasing infrastructure needs as growth imposes demands on an aged system of water supply, schools, highways, and public transit facilities!)

Caveats and Challenges

Several caveats are in order, however, before declaring the golden renaissance of urban New Jersey and the stalling of the Wealth Belt growth engine that has dominated New Jersey economic development for the past quarter of a century. First, the national economic expansion, now in record-length territory, is showing signs of classic problems—rising wage costs, slower productivity growth, the stirring of inflation, and interest rate increases. Any significant slowdown of the national economy will inevitably affect New Jersey, and the past record of the differential effects of national economic slowdowns on urban vs. suburban New Jersey are clear. Namely, urban New Jersey has been the first region to feel the negative effects of national economic malaise and the last to experience the benefits of recovery. It is worth noting that the late 1990s boom of the Hudson waterfront region was anticipated with private investment and development in the late 1980s only to be devastated by the severity of the national recession manifested with a vengeance in New Jersey.

Second, much of the current urban boom is focused on the financial industry with spillover demand for housing and business locations by the New York financial sector. The past record of the cyclical effects of a capital market downturn is one of severe damage to incomes and employment of those dependent on this sector.

Finally, the technological and educational imperatives of the new economy must be placed in the context of the spatial attractiveness of both the Wealth Belt and urban/older suburban New Jersey. The power of computerization has meant that distance no longer is a cost deterrent for the spatial dispersal of many economic activities. The manifestations of this power are many—instant 24-hour global communication, the effective management of inventory, supply and production decisions from a central place that can be located almost anywhere and that has the equivalent efficacy of local on-site control, and vast capabilities to transmit data and information anywhere, anytime. Thus, the economic incentives created by this technology further the decentralization patterns that, in fact, have been a major reason behind the dominance of Wealth Belt development.

The complementary needs for a workforce skilled and flexible with the tools of this new technology are ever more vital to the future well-being of our state's economy (and that of every other state and nation as well!). This requires an effective, efficient education and workforce training system, beginning with K-12 education and extending through life-long learning opportunities.

The provision of such a system remains the long-run challenge of urban New Jersey, just as it has been for over a quarter of a century. To the extent that effective education, at all levels, can be found in urban and old suburban New Jersey, then the full realization of the economic revival of urban areas can be reached and the complete benefits of the powerful economic advantages these areas once offered, and now offer again, can be realized. This can occur as our changing state economy moves beyond its industrial past into the new century of computerization, communication, innovations of fundamental nature, biotechnology, genetics, and the dominance of the service sector.

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